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Serkan Savasoglu

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26285

7590

04/21/2008

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EXAMINER

VIZVARY, GERALD C

ART UNIT

PAPER NUMBER

3696

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/703,975	<b>Applicant(s)</b> SAVASOGLU ET AL.	
	<b>Examiner</b> GERALD C. VIZVARY	<b>Art Unit</b> 3696	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 28 January 2008.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 16-31 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 16-31 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>1/2/2008</u> .  | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Response to Amendment***

In the amendment filed 1/28/2008, the following has occurred: claims 1-15 & 30 have been cancelled Claims 14, 25, 26, 27 & 29 have been amended. Claim 31 is new. Now, claims 16-31 are presented for examination.

### ***Information Disclosure Statement***

1. The information disclosure statement (IDS) submitted on 1/2/2008 was considered by the examiner.

### ***Claim Rejections - 35 USC § 102***

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this

Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

3. Claims 16-29 & 31 are rejected under 35 U.S.C. 102(e) as being anticipated by Ross US 7,222,094 B2.

1-15. (Canceled)

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As per claim 16 (Currently Amended), Ross US 7,222,094 B2 teaches a financial method comprising the steps of:

issuing a straight debt security to a holder, the straight debt security including a maturity component providing a maturity term of the straight debt security ("In another embodiment a method for conducting a transaction is provided, comprising: setting at least one of an issue price, a maturity date, and a nominal maturity value for an obligation issued by an issuer; setting an initial yield for the obligation, wherein the initial yield is applied to the obligation for an initial time period; setting a current yield for the obligation, wherein the current yield is applied to the obligation after the initial time period has elapsed, and wherein the current yield is set equal to one of a first reset yield and a second reset yield, depending upon a value of a share of a stock in relation to an accreted conversion price of the obligation; and permitting conversion of the obligation into the stock according to a conversion formula. Ross US 7,222,094 B2 col. 1, line 48- line 59),

a reset component ~~that~~ specifying terms and conditions for resetting a yield of the straight debt security, and a remarketing component providing terms and conditions for remarketing the straight debt security to new investors ("The stock may be stock in the issuer. The stock may be stock in an entity having a legal relationship with the issuer. The legal relationship may be selected from the group including, but not limited to: a) parent company; b) subsidiary; and c) holding company. The stock may be stock in an entity that is not legally related to

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the issuer. The stock may be in an entity whose stock is publicly traded. The obligation may be sold to a holder by an underwriter. The obligation may be sold by the issuer to the underwriter for resale to the holder." Ross US 7,222,094 B2, col. 3, line 61- col. 4, line 3); and

offering, at a remarketing time, the straight debt security to one or more new investors, wherein, after remarketing, the straight debt security remains outstanding and potential recapture of excess tax benefits is postponed until the time the straight debt security ceases to be outstanding ("Each holder may agree, for U.S. federal income tax purposes, to treat the notes as "contingent payment debt instruments" and to be bound by Issuer's application of the Treasury regulations that govern contingent payment debt instruments, including Issuer's determination that the rate at which interest may be deemed to accrue for federal income tax purposes may be 7.51%, compounded semi-annually, which may be the rate comparable to the rate at which Issuer may borrow on a noncontingent, nonconvertible borrowing with terms and conditions otherwise comparable to the notes (including the rank, term, and general market conditions Ross US 7,222,094 B2, col. 6, lines 46-56).

As per claim 17 (Original), Ross US 7,222,094 B2 teaches a method of claim 16, further comprising calculating projected contingent payments. ("In addition, a holder may recognize ordinary income upon a conversion of a note into the common stock of Support Company equal to the excess, if any, between the value of the stock received on the conversion and the holder's adjusted tax basis

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in the note. It is noted, however, that the application of the regulations that govern contingent payment debt instruments to a holder of a note may be otherwise construed or interpreted by the Internal Revenue Service and it might be determined that, among other differences, a holder should have accrued interest income at a lower rate, should not have recognized income or gain upon the conversion, or should not have recognized ordinary income upon a taxable disposition of a note.”. Ross US 7,222,094 B2, col. 6, line 61-col. 17 line 6)

As per claim 18 (Original), Ross US 7,222,094 B2 teaches a method of claim 17, wherein the projected contingent payments are calculated based on one or more of forward rates and/or expected values of the contingent payments. (“No adjustment in the Accreted Conversion Price may necessarily be required unless the adjustment would require an increase or decrease of at least 1% of the Accreted Conversion Price. If the Adjustment is not made because the adjustment does not change the Accreted Conversion Price by more than 1%, then the adjustment that is not made may be carried forward and taken into account in any future adjustment.. Ross US 7,222,094 B2, col. 16, line 61-col. 17 line 1)

As per claim 19 (Original), Ross US 7,222,094 B2 teaches a method of claim 18, wherein a comparable yield is determined by referencing a yield of a fixed-rate debt instrument with terms and conditions similar to terms and conditions of the straight debt security. (“For example, the present invention may, of course, also

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be used in the context of a security which is not a zero-coupon security, or which has attributes of both a zero-coupon security and a non-zero-coupon security. Further, while specific offering details regarding the CARZ terms are disclosed with reference to the general embodiment (e.g., issue price, nominal maturity amount, maturity date, nominal yield, redemption dates and terms, conversion dates and terms, repurchase dates and terms, interest adjustment dates and terms, etc.), it is to be understood that the present invention contemplates use of the CARZ structure with any other desired terms (e.g., a different issue price, a different maturity date, a different nominal maturity amount, a different nominal yield, different redemption dates and/or terms, different conversion dates and/or terms, different repurchase dates and/or terms, different interest adjustment dates and/or terms, etc.).” Ross, US 7,222,094 B2, col. 5, lines 48-61)

As per claim 20 (Original), Ross US 7,222,094 B2 teaches a method of claim 16, further comprising adjusting, at a remarketing time, a yield of the straight debt security for a period of three months after the remarketing time, to a benchmark interest rate in effect at least three months earlier than the remarketing time. (Further, while the present invention has been described with regard to particular calculation periods (e.g., quarterly and semi-annual calculation periods), any desired calculation periods (e.g., weekly, monthly, quarterly, semi-annually, or yearly) may be used (and the specific dates defining such calculation periods may be any desired dates). Ross US 7,222,094 B2, col. 31, line 19-22)

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As per claim 21 (Original), Ross US 7,222,094 B2 teaches a method of claim 17, further comprising making adjustments based on a comparison of projected contingent payments to actual contingent payments. ("For the purposes of this application, a "test window" shall mean a desired number of days over which a test or comparison is performed. Beginning on May 15, 2004, if the closing sales price of the common stock of Support Company is equal to or less than 60% of the Accreted Conversion Price of the notes for any x number of trading days (e.g., 20 trading days) out of the last y number of consecutive trading days (e.g., 30 trading days) ending three business days prior to such date or three business days prior to any May 15 or November 15 thereafter, then the accretion rate on the notes for the semi-annual period commencing on such date may be subject to an increased accretion rate equal to the applicable per annum Reset Rate in effect at that time.." Ross US 7,222,094 B2, col. 6, lines 46-56)

As per claim 22 (Original), Ross US 7,222,094 B2 teaches a method of claim 21, wherein if the actual contingent payments exceed the projected contingent payments, a positive adjustment is made. ("Further, the adjusted interest rate may have high value and/or low value caps. Further still, there may be multiple adjusted interest rates for multiple stock price thresholds (wherein the adjusted interest rate may move up and/or down). Further still, there may be a formula or "sliding scale" for setting (e.g., up or down) the adjusted interest rate (e.g., one or both of the first reset accretion rate and the second reset accretion rate) for one or more stock price thresholds (such a "sliding scale" may comprise setting the

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adjusted interest rate to one or more values depending upon the stock price and the sliding scale may be fixed at the time of the issuance of the obligation and/or the sliding scale may be fixed after the issuance of the obligation and/or the sliding scale may vary over time)." Ross US 7,222,094 B2, col. 5, lines 1-14)

As per claim 23 (Original), Ross US 7,222,094 B2 teaches a method of claim 21, wherein if the actual contingent payments are less than the projected contingent payments, a negative adjustment is made. ("Further, the adjusted interest rate may have high value and/or low value caps. Further still, there may be multiple adjusted interest rates for multiple stock price thresholds (wherein the adjusted interest rate may move up and/or down). Further still, there may be a formula or "sliding scale" for setting (e.g., up or down) the adjusted interest rate (e.g., one or both of the first reset accretion rate and the second reset accretion rate) for one or more stock price thresholds (such a "sliding scale" may comprise setting the adjusted interest rate to one or more values depending upon the stock price and the sliding scale may be fixed at the time of the issuance of the obligation and/or the sliding scale may be fixed after the issuance of the obligation and/or the sliding scale may vary over time)." Ross US 7,222,094 B2, col. 5, lines 1-14)

As per claim 24 (Original), Ross US 7,222,094 B2 teaches a method of claim 16, wherein the straight debt security is remarketed as a new one-year straight debt security. ("An Issuer may issue the notes for resale by one or more initial purchasers (or "underwriters") to note holders (e.g., qualified institutional buyers).

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The notes may be issued under an Indenture (including an original indenture and any supplemental indentures) among the Issuer, a Support Company, and a Trustee. The Indenture may provide for the issuance from time to time of debt securities in an unlimited dollar amount and an unlimited number of series. Support Company may agree to make any payments required under the notes if Issuer defaults with respect to those payments.” Ross US 7,222,094 B2, col. 5, lines 66-col. 6, line 8) and (“The Reset Rate determined as of each Reset Rate Determination Date may be equal to the rate that would, in the sole judgment of the Reset Rate Agent, result in a trading price of par of a hypothetical issue of senior, nonconvertible, noncontingent, fixed rate debt securities of a "reset rate target entity" (including, but not limited to, one of the Issuer, the Support Company, and/or any other desired entity) with (i) a final maturity equal to, in the case of the Five-Year Reset Rate, five years; in the case of the Two-Year Reset Rate, two years; and in the case of the One-Year Reset Rate, one year” Ross US 7,222,094 B2, col. 7, lines 66-col. 8 line 13)

As per claim 25 (Currently Amended), Ross US 7,222,094 B2 teaches a ~~straight debt security~~ method of claim 16, wherein the remarketing component provides that straight debt security is remarketed as a new straight debt security having a term of five or more years. (“An Issuer may issue the notes for resale by one or more initial purchasers (or "underwriters") to note holders (e.g., qualified institutional buyers). The notes may be issued under an Indenture (including an original indenture and any supplemental indentures) among the Issuer, a Support

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Company, and a Trustee. The Indenture may provide for the issuance from time to time of debt securities in an unlimited dollar amount and an unlimited number of series. Support Company may agree to make any payments required under the notes if Issuer defaults with respect to those payments." Ross US 7,222,094 B2, col. 5, lines 66-col. 6, line 8) and ("The Reset Rate determined as of each Reset Rate Determination Date may be equal to the rate that would, in the sole judgment of the Reset Rate Agent, result in a trading price of par of a hypothetical issue of senior, nonconvertible, noncontingent, fixed rate debt securities of a "reset rate target entity" (including, but not limited to, one of the Issuer, the Support Company, and/or any other desired entity) with (i) a final maturity equal to, in the case of the Five-Year Reset Rate, five years; in the case of the Two-Year Reset Rate, two years; and in the case of the One-Year Reset Rate, one year" Ross US 7,222,094 B2, col. 7, lines 66-col. 8 line 13)

As per claim 26 (Currently Amended), Ross US 7,222,094 B2 teaches a ~~straight debt security~~ method of claim 16, wherein a remarketed security has current coupon payments. ("Another embodiment of the present invention may be used in the context of a security (e.g., a bond) that is not a pure zero-coupon security, wherein the security which is not a pure zero-coupon security may pay a yield based on the price of a tracked stock. For the purposes of the present application, the "yield" associated with the security that is not a pure zero-coupon security may be a "cash payment yield" or a combination of a "cash payment yield" and an "accretion rate". Ross US 7,222,094 B2, col. 4, lines 4-9)

As per claim 27 (Currently Amended), Ross US 7,222,094 B2 teaches a ~~straight debt security~~ method of claim 16, wherein a remarketed security has no current coupon payments. (One embodiment of the present invention may be used in the context of a pure zero-coupon security (e.g., a bond), wherein the pure zero-coupon security may pay a yield based on the price of a tracked stock. For the purposes of the present application, the "yield" associated with the pure zero-coupon security may be an "accretion rate" Ross US 7,222,094 B2, col. 4, lines 10-18)

As per claim 28 (Original), Ross US 7,222,094 B2 teaches a method of claim 16 wherein the straight debt security is remarketed annually. ("The hypothetical issue of the debt security may be a hypothetical issue of a senior, nonconvertible, noncontingent, fixed rate debt security. The predetermined maturity may equal a predetermined number of years between 1 and 20." Ross US 7,222,094 B2, col. 3, lines 29-33)

As per claim 29 (Currently Amended), Ross US 7,222,094 B2 teaches a ~~straight debt security~~ method of claim 16, wherein a remarketing time comprises remarketing dates at least every five years. ("The Reset Rate determined as of each Reset Rate Determination Date may be equal to the rate that would, in the sole judgment of the Reset Rate Agent, result in a trading price of par of a hypothetical issue of senior, nonconvertible, noncontingent, fixed rate debt

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securities of a "reset rate target entity" (including, but not limited to, one of the Issuer, the Support Company, and/or any other desired entity) with (i) a final maturity equal to, in the case of the Five-Year Reset Rate, five years; in the case of the Two-Year Reset Rate, two years; and in the case of the One-Year Reset Rate, one year; (ii) an aggregate principal amount equal to the accreted principal amount of the notes; and (iii) covenants and other provisions that are, insofar as would be practicable for an issue of senior, nonconvertible, fixed-rate debt securities, substantially identical to those of the notes. Ross US 7,222,094 B2 col. 7, line 66-col. 8, line 13)

30. (Canceled)

As per claim 31 (New), Ross US 7,222,094 B2 teaches a method of claim 16, wherein the straight debt security is treated as contingent payment debt instrument because of the reset component. ("Each holder may agree, for U.S. federal income tax purposes, to treat the notes as "contingent payment debt instruments" and to be bound by Issuer's application of the Treasury regulations that govern contingent payment debt instruments, including Issuer's determination that the rate at which interest may be deemed to accrue for federal income tax purposes may be 7.51%, compounded semi-annually, which may be the rate comparable to the rate at which Issuer may borrow on a noncontingent, nonconvertible borrowing with terms and conditions otherwise comparable to the

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notes (including the rank, term, and general market conditions Ross US 7,222,094 B2, col. 6, lines 46-56)

### ***Response to Arguments***

In the remarks filed on 1/28/2008, Applicant argues that

- (1) Ross does not disclose a straight debt security;
- (2) Ross does not disclose issuing a security with a remarketing component.
- (3) Ross does not disclose that “after remarketing, the straight debt security ceases to be outstanding”.

In response to argument (1), as noted above, the Examiner has not relied upon Ross for teaching a feature of straight debt securities. Rather the Examiner has relied upon the reference for teaching toward debt securities as a class.

In response to argument (2), Ross teaches “An Issuer may issue the notes for resale by one or more initial purchasers (or “underwriters”) to note holders (e.g., qualified institutional buyers).” (Ross, US 7,222,094 B2 col. 5, line 66-col. 6, line 1), which clearly addresses remarketing of the security.

In response to argument (3), Ross teaches “If Issuer decides to redeem fewer than all of the outstanding notes, the trustee may select the notes to be redeemed by lot, on a pro rata basis, or by another method the trustee considers

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fair and appropriate.” (Ross, US 7,222,094 B2 col. 11, lines 50-53), which addresses the redemption of all or part of the outstanding notes.

### ***Conclusion***

1. The following is prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

Weber (US 7,305,362 B2) shows a method of determining an estimate of the market value of a traded unit of a financial instrument, and apparatus for carrying out the method, said instrument comprising a fund of individually priced securities and the exact composition of said fund being withheld from the market, said method comprising selecting a plurality of mutually independent risk factors, each risk factor being representative of market behavior estimated to be significant to the price behavior of the traded unit, obtaining information from a third party holding information regarding the composition of said fund regarding the actual significance of said risk factors to the value of said traded unit, and calculating a value for said traded unit on the basis of said significances.

Birle (US 7,219,079 B2) teaches a convertible financial instrument provides incentives to holders to keep the instruments outstanding so that issuers maintain flexibility and control over the maturity date of the instrument and the manner in which it is settled. The instrument may provide issuers with the ability to deduct an amount for tax purposes that approximates the true economic cost

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of the financial instrument. The instrument may contain a provision calling for contingent payments (which may include, for example, contingent interest, preferred distributions, contingent principal, dividends, and other pay-outs) to the holder in some circumstances, which may be based on formulae calculations. For example, this may occur when the trading value of the convertible instrument exceeds a predetermined value such as, for example, a certain percentage of the accredited value of the convertible instrument, or, for example, another circumstance that may trigger a contingent payment may be when the price of another financial instrument (e.g., the underlying security, the reference security, etc.) is below, higher than, or equal to a pre-determined value.

Farr (US 7,257,555 B1) teaches a method and system for providing and/or offering mandatory convertible securities, such as dividend enhanced common/convertible stocks (DECS), with acceleration triggers for securities conversion. The acceleration triggers are attractive to investors of such mandatory convertible securities because they can provide investors with timely returns and/or equities in the issuer should events not favorable to the investors happen prior to a preset securities conversion date.

Daughtery (US 6,263,321 B1) teaches an apparatus and process which may be implemented on a vast variety of computer systems. The apparatus and process of the present invention use a computer system to receive and store data representative of a particular asset, a type of option (call or put), requested

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exercise price and a multitude of other variables related to the asset. The apparatus and process then generate data representative of an option premium. The data representative of the option may then be used for transacting an option, as the basis for determining a correlated expiring option premium, or to determine the premium of an asset relatable to a corresponding option.

**THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Gerald C. Vizvary whose telephone number is 571-270-3268. The examiner can normally be reached on Monday thru Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tom Dixon can be reached on 571-272-6803. The fax phone number

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for the organization where this application or proceeding is assigned is 571-270-4268.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/THOMAS A DIXON/  
Supervisory Patent Examiner, Art  
Unit 3696

Gerald Vizvary  
Patent Examiner, A.U. 3696  
April 2, 2008